

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7708

BILL NUMBER: HB 1351

NOTE PREPARED: Feb 14, 2007

BILL AMENDED: Feb 13, 2007

SUBJECT: Affordable housing and community development fund.

FIRST AUTHOR: Rep. Bardon

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) *Counties with Affordable Housing Funds:* The bill allows a county in which at least one unit in the county has established an affordable housing fund to adopt an ordinance authorizing the county recorder to charge a fee of: (1) \$5 for the first page; and (2) \$1 for each additional page; of each document recorded by the county recorder. It provides that: (1) 60% of the fees collected shall be distributed to those units with an affordable housing fund for deposit in those funds; and (2) 40% of the fees shall be deposited in the Affordable Housing and Community Development Fund. It also prescribes a formula for apportioning the fees collected among the units with affordable housing funds.

Consolidated City: The bill allows a county containing a consolidated city to adopt an ordinance authorizing the county recorder to charge a fee of: (1) \$5 for the first page; and (2) \$1 for each additional page; of each document recorded by the county recorder. It provides that: (1) 60% of the fees collected shall be deposited in the county's housing trust fund; and (2) 40% of the fees shall be deposited in the Affordable Housing and Community Development Fund.

Property Custody Fund and Abandoned Property Fund: The bill provides that, beginning July 1, 2007, on July 1 of each year, the interest balance in the Property Custody Fund and the interest balance in the Abandoned Property Fund shall be transferred to the Affordable Housing and Community Development Fund. (Current law provides that on July 1 of each year, the interest balance in the Property Custody Fund and the interest balance in the Abandoned Property Fund shall be transferred to the state General Fund.)

Effective Date: July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) The Affordable Housing and Community Development Fund would receive 40% of the additional revenues if a county containing an affordable housing fund adds a document fee of \$5 for the first page and \$1 for each additional page to recordings.

(Revised) *Example of Potential Funding:* Assuming that the four counties that have affordable housing funds (Allen, Marion, Monroe, and Vanderburgh) adopt the additional recording fee and assuming that they record about 10,900 five-page documents each year, the total received for the additional fee would be \$207,100 and the state Affordable Housing and Development Fund would receive \$82,840.

(Revised) (The estimated number of recordings in this example comes from the Indiana Affordable Housing and Community Development Fund, *Report and Recommendations from the Advisory Committee*, June 6, 2006, which surveyed 20 of the most populous areas to estimate that 1.0 M documents are recorded each year. Simply dividing by 92 would result in about 10,870 recordings per county. Vanderburgh County reported recording 41,477 documents in 2005.)

(Revised) The Affordable Housing and Community Development Fund would also receive funds from the Abandoned Property and Property Custody Funds. Under the Constitution, land and other property escheated to the state for want of heirs is placed in the Common School Fund. However, in noncode provisions of P.L. 224-2003 and in P.L. 246-2005 any balance in excess of \$500,000 is transferred to the state General Fund. The fund transfers from the various accounts are presented below:

Fund Transfers from Abandoned Property Funds				
Fund	FY2003	FY2004	FY2005	FY 2006
Escheat Estates	\$206,854	\$57,631	\$447,931	\$109,830
Abandoned Property	\$29,482,363	\$70,011,366	\$25,000,331	\$30,000,000

The balance in the Property Custody Fund at the end of the FY 2006 was \$3.2 M.

Background on the Affordable Housing and Community Development Fund: The Fund provides financial assistance to meet affordable housing and community development needs for low and very low income families, elderly, persons with disabilities, and homeless individuals. It also may be used to provide technical assistance to nonprofit developers of low income housing. At least 50% of the dollars allocated must be used to serve very low income households.

Sources of revenue to the Fund include appropriations from the General Assembly; gifts, grants, and donations of any tangible or intangible property from public or private sources; investment income ; repayments of loans from the Fund; and funds borrowed from the Board for Depositories Insurance Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Under current law, the county recorder collects the various fees for recording, filing, copying, and other services rendered. The bill would allow counties that have affordable housing funds and a county with a consolidated city to add to the fees collected and retain 60% of the funds collected for deposit in the county's housing trust fund. The remain 40% of funds collected would be transferred to the State Treasurer for deposit in the Affordable Housing and Development Fund. This may

increase reporting transactions for county recorders minimally.

Example of Potential Funds: Using the example above, (see Explanation of State Revenues), certain counties would receive \$124,260 for their housing trust fund.

Background: Counties known to have housing trust funds include Allen, Marion, Monroe, and Vanderburgh County.

State Agencies Affected: Treasurer of State; Affordable Housing and Community Development Commission.

Local Agencies Affected: County recorders.

Information Sources: http://ihcda.in.gov/forms/Development_Fund_Report.pdf.

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